

[REDACTED]
[REDACTED]
[REDACTED]
JUL 20 1982

Dear Applicant:

Your application for exemption from Federal income tax under section 501(c)(5) or section 501(c)(6) of the Internal Revenue Code has been considered.

Information submitted discloses that your organization was incorporated on [REDACTED] pursuant to the provisions of the statutes of the State of [REDACTED] as a nonprofit corporation. The purposes of your organization, as stated in your Articles of Incorporation, are generally to encourage the use by the public of pick-your-own fruits and vegetables and to educate local consumers as to the benefits of [REDACTED]'s pick-your-own fruits and vegetable products.

Your membership is composed, primarily, of growers of fruits and vegetables in the [REDACTED] area. You state that your activities will consist of: (a) assisting in the publication of a brochure to be published by the [REDACTED] Department of Agriculture; (b) promotion of the pick-your-own industry and education of consumers in advantages of pick-your-own through media; (c) writing and publishing a pick-your-own brochure for distribution to the public; (d) education of the public on harvesting, handling and processing farm produce through media; and (e) sharing cultural and marketing ideas among pick-your-own growers. To date, your efforts have been focused on publishing and distributing approximately [REDACTED] brochures which gives the name and address of all pick-your-own growers in the [REDACTED] area of the [REDACTED] and gives driving directions for locating the farms, along with a map.

Section 501(c)(5) of the Internal Revenue Code grants exemption to labor, agricultural or horticultural organizations.

Section 1.501(c)(5)-1 of the Income Tax Regulations provides that the organizations contemplated by section 501(c)(5) of the Internal Revenue Code as entitled to exemption from income taxation are those which (1) have no net earnings inuring to the benefit of any member, and (2) have as their objectives the betterment of the conditions of those engaged in such pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

[REDACTED]

Through the publishing and dissemination to the public of your brochure showing the name and location of the farms of various members you are providing a business service to such members. The monies of the organization are being used for the direct benefit of members, rather than the betterment of conditions of those engaged in such pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

Accordingly it is our opinion that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(5) of the Internal Revenue Code. Your request for such status is denied.

In addition, you do not qualify for exemption under section 501(c)(6) of the Internal Revenue Code, as a business league, because the monies of the organization are being diverted to the providing of services to members.

You are required to file a Federal income tax return each year on Form 1120.

If you do not agree with these conclusions, you may request Appeals Office consideration. To do this, you must submit to the District Director within 30 days from the date of this letter, a statement of facts, law, and arguments, in duplicate, which will clearly set forth your position. You also must state whether you wish an Appeals Office conference. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met.

If we do not hear from you within the time specified, this communication will become our determination in the matter.

Very truly yours,


District Director

Enclosure:

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